



Farm to Grocery Store

**Increasing the Sale of Connecticut Grown Produce in
Local Grocery Stores**



Specialty Crop Block Grant

- Increase in-state consumption of Connecticut-grown fruits and vegetables by optimizing understanding of marketing opportunities for larger-scale growers
- Support larger-scale produce farmers in developing for their fruits and vegetable crops primarily through and mainstream food supply chains



Project Goals

- Enhance the competitiveness of Connecticut fruit and vegetable producers
- Identify barriers to in-state distribution
- Facilitate interaction with institutional and retail buyers
- Explore business opportunities for full-time, volume producers



Interviews

- 7 grocery store produce managers/produce directors
- 3 grocery store distributors
- 2 industry professionals



Themes and Trends

- Locally grown as a trend that will continue to grow
- Controlled growing environments such as greenhouses, hot houses, vertical farming, terraculture, hydroponics
- Controlled growing environment profitability challenging



Definition of Local

- Current Connecticut regulations - must be grown in Connecticut or within 10 miles of the state borders.
- Definitions by grocery stores vary widely – sample responses



Current State

- All of the grocery stores buy locally
- All work with Connecticut farmers on planting, harvesting and delivery
- Almost all of the buyers visit their provider farms
- Loyalty perception contradiction



Are You a Good Fit?

- Approved vendor process
- Begins early winter months
- Varieties, timing, delivery schedules, pricing, packaging, reliability, harvest schedules and availability
- Consistent quality and size of produce
- Relationships begin with a few products expand
- Early and frequent communication, by phone or e-mail



Pricing

- Nearly all grocery stores pay market rate
- Expect normal profit margin on Connecticut-grown produce
- Even higher end grocery stores do not offer a premium for locally grown



Quality

- Quality critical
- Will not pay more for high quality



Each Grocer is Unique

- Unique internal processes, guidelines and needs
- Grocers understand customer base and clear products and pricing



Different Types of Grocery Stores

Large Multi-state Grocery Stores

- Opportunity for volume and growth
- Internal processes time consuming
- Long lead-time
- Relationships with a single store within a multi-store chain, or to feed into multi-store distribution
- Move large volumes of product
- Require GAP certification, insurance and adherence to FSMA regulations





Mid-sized Multi-location Grocery Stores

- Proud of their relationships with Connecticut farmers
- Work closely with farmers on planting plans and new products
- Communicate frequently about crop progress, pricing and delivery
- Many do not currently require GAP certification and insurance, but this will change with impending FSMA implementation
- Product delivery to the multiple locations
- May require delivery every day or two
- Some require that the produce be shelf-ready while others assist with packaging

Small Stand-Alone Grocery Stores

- Minimal requirements
- More nimble and responsive than other grocery stores
- Respond to the seasonal growing inconsistencies
- More flexible with delivery timing
- May be open to purchasing unsold farmer's market merchandize
- Willing to purchase smaller lots
- Typically small, decisive buying staff makes it easy to initiate a business relationship



Connecticut Grown Logo & Merchandizing

- Use varied
- None of the large chain grocery stores used the CT-Grown materials
- Mid-sized stores made use of the point-of-sale
 - Produce managers had specific recommendations and requests



Current Challenges Facing Produce Buyers

- Easy access to suppliers providing quality, competitively priced products from outside the local growing area
- Over-abundance of common commodities
- Seeking better variety of produce and a lengthened harvest period with more consistent availability
- Seeking increased farmer collaboration to assure produce availability



Opportunities for Farmers

Extending Seasons

- Strong interest in products available earlier and later in the season

Custom Production

- Contract growing not common
- Strong interest in growers who can increase supply and meet special needs
- Many buyers take personal pride in working cooperatively with farmers to anticipate supply needs in the coming season
- **Downside** – over supply



Aggregation

- Some informal aggregation occurring already
- Buyers appreciate this practice if consistent quality and supply
- While aggregation is valuable to the buyer, no additional compensation provided
- Some chains have arrangements with local distribution centers for regular aggregation of crops from their identified farmers
- Producers could benefit from increased formal and informal aggregation



Other Non-produce Items – Maple Syrup, Honey, Plants, Seafood

- Almost all produce buyers indicated an interested in non-produce Connecticut grown/made items ie bedding plants, hanging plants, honey, maple syrup and other items.



Marketing Opportunities

Connecticut Grown Sales and Merchandising Representative

- Buyers recommend a Connecticut Grown Sales and Merchandising Representative
 - Many produce trade associations have paid marketing staff
- A merchandising staff could
 - promote Connecticut growers
 - provide lists of area farmers and products
 - identify gaps in locally grown produce
 - Assist with in-store merchandising
- **Downside** - While this might benefit grocers, it also might provide them with an easy means to shop around for the lowest priced product.



Sales to Brokers/Distributors

- Many grocery stores use Connecticut-based distributors
- Connecticut distributors carry Connecticut produce lines
- Local distributors can simplify a farmer's marketing strategy
- **Opportunity** - Could this method of distribution be enhanced so that distributors have more Connecticut produce to offer?
- **Downside** - Farmers recommended carefully developing relationships with brokers/distributors to ensure a relationships that is mutually beneficial



Organically Grown

- Buyers agree - consumer demand for local produce is growing faster than for organic
- Specialty markets - still seeking new organic growers
- Large chains content to rely on large organic suppliers from other regions
- **Opportunity** - local organically grown fruit but must be certified organic
- **Downside** - Organic certification is lengthy and expensive process and can be financially prohibitive



Freshness as a Benefit

- Key benefit of locally grown produce - properly handled fresh produce has a longer shelf life and consumers have more time to prepare it and throw away less



Connecticut Grown Website

- Other states have websites tailored to wholesale buyers
- **Opportunity** - Connecticut might consider a website designed for produce buyers.
- **Downside** – buyers would shop around
- Coordinated CT Grown Campaign - business advertising, presence at produce buyer trade shows and conferences and create a program that promotes its produce.



Considering Selling Produce to Grocery Stores

1. Identify the Type of Grocery Store
2. Arrange to Meet with the Produce Buyer
3. Complete Any Paperwork
4. Beginning the Relationship
5. Enhancing the Relationship



Summary

- Connecticut grocers are interested in local produce at market rates
- Room for sales growth in Connecticut grown produce to state grocery stores
- **Barriers**
 - Developing a relationship with produce managers
 - Adopting Food Safety Modernization Act (FSMA), Good Agricultural Practices (GAP) certification requirements, or other third party food safety certification
 - Cleaning, grading, special packaging, labeling and delivery services
 - Wholesale market rates for locally grown produce same as regionally or national grown
 - Small scale of Connecticut farms limits number of farmers who can profit selling wholesale
- **Opportunities**
 - Identifying a profitable economic model of farming and distributing Connecticut fruits and vegetables
 - All stores looking to cultivate relationships with local growers